

From: Nathan Vaughn <Nathan.Vaughn@Fwellc.com>
Sent: Tuesday, January 5, 2021 5:11 PM
To: Gurses, Kamil
Cc: Janik, Jourdan R
Subject: Fieldwood Status Update re Loop

Kamil:

Thank you for your message this morning seeking a status update following our conversation back on 18 December. Please see below the status of the various matters amongst BP and Fieldwood over the past few weeks:

Proposal for Sole Benefit Operation and AFE Operation

Following a request from BP on 22 December, Fieldwood, on behalf of itself, HEDV and Red Willow, sent a Proposal for Sole Benefit Operation and AFE Operation on 24 December, to BP (in its capacity as Operator of the Loop), which further reiterated our proposal that we have been discussing with BP since 3 November, which is the implementation of a temporary single flowline plan that would permit production from the Genovesa well in the event the bolt tightening operation is unsuccessful.

The Proposal represents a firm commitment by all Parties to return the Loop to its prior condition, not only due to the fact that the actual operations being proposed includes the activities required to re-configure the Loop but also because the Loop OA requires the restoration of the Loop to its "condition prior to the conduct of the Sole Benefit Operation" once completed.

BP/Fieldwood Call of 18 December

On our call on 18 December, you raised three concerns/possible requirements of BP prior to its approval of Fieldwood's Single Flowline Proposal from 3 November. I have provided our response below to each of them:

1. Commitment for reinstatement of the Loop prior to Loop functionality being "broken" as part of the Single Flowline Project

As discussed on our call, we view the Loop functionality as currently "broken" by the nature of the Leak. The Single Flowline Plan simply allows us to flow Genovesa during the repair period in the same manner that BP is currently flowing Isabela in a single flowline configuration, thus maximizing BOE production from both Isabela and MC519, as provided for in the Loop OA in Article 9(d). We, like BP, desire the reinstatement of the Loop as we require full Loop functionality for Genovesa in the mid-term, but critically, SC/SA cannot flow until Loop functionality is restored. The Proposal sent on 24 December reiterates our firm commitment to return the Loop to its prior condition.

2. Flow Assurance Risk/Hydrate Formation from Genovesa and Indemnities from Genovesa for remediation costs

Fieldwood has submitted and BP has approved the Flow Assurance Strategy for the Single Flowline Plan, which shows minimal risk for hydrate formation for the Single Flowline Plan. Notwithstanding such minimal risk, we understand and accept that any hydrate remediation on the Single Flowline serving Genovesa would be at the sole risk and expense of the Genovesa partners. To date the MC 519 partners have not received the same commitment from BP regarding the current production of Isabela in a single flowline configuration, which has a risk of hydrate formation that is higher than Genovesa. As we currently have no agreement in place for mutual indemnification, and given the ongoing risk due to current Isabela production, please forward an indemnification proposal for our review without delay.

3. MC 518 Access to the Loop

As a WI holder in MC518, Fieldwood appreciates BP's desire to gain access from this field into the Loop. However, this is wholly unrelated to implementation of the single flowline plan to enable Genovesa Production and the long term repair to return the Loop to full functionality. Introduction of a wholly unrelated commercial discussion regarding Loop Access, when the Loop is malfunctioning, is inappropriate at this time. We look forward to a discussion on this topic once Genovesa is on line and the Loop is returned to full functionality.

As stated in our Proposal, Fieldwood is ready, willing and able to operate the Sole Benefit Operation and AFE Operation and will utilize procedures and plans that have been agreed with and approved by BP. However, if BP desires to operate the AFE Operation and Sole Benefit Operation, we expect these activities to be performed by 31 January 2021 or, at the latest, the first week of February, with Genovesa flowing by the end of February 2021, timelines previously stated by BP to be achievable, and Fieldwood should be engaged, consulted and should approve the execution, costs and timing of the AFE Operation and Sole Benefit Operation. I look forward to BP's response.

Fieldwood reserves any and all rights it has under the various agreements, at law and/or in equity.

Regards,

Nathan

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